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SUBJECT: SALVADORAN MINISTER OF THE ENVIRONMENT'S VISIT TO THE U.S.

¶1. (SBU) SUMMARY. The newly appointed Salvadoran Minister of the Environment, Herman Rosa Chavez, will be in Washington on September 21 to meet with OES A/S Jones and EPA officials. USAID is sponsoring this trip to discuss El Salvador's interest in pollution control and prevention and to further solidify environmental cooperation under CAFTA-DR. Under the leadership of Rosa Chavez, the Ministry of Environment (MARN) has adopted an anti-development posture that could disrupt the promotion of biofuels, the approval of future energy projects, and the use of genetically modified organisms (GMOs). END SUMMARY.

PROMOTING THE USE OF BIOFUELS

¶2. (SBU) In 2007, El Salvador was selected as one of four countries to receive assistance from the U.S. - Brazil Biofuels Partnership. While the new GOES has signaled interest in promoting the use of biofuels in El Salvador, to date there has been no action taken despite several feasibility studies sponsored by U.S. - Brazil Biofuels MOU partners. According to the Executive Director of the Salvadoran Sugar Association, sugar producers believe ethanol can be profitable in the long-term, however, they are unwilling to make the required capital investments for production without the government first approving legislation mandating the use of an ethanol blend and/or providing tax incentives. Rosa Chavez can be influential in advancing biofuels legislation in his position as one of six cabinet-level officials to sit on the newly formed National Energy Council, which has the responsibility to create a national energy policy.

APPROVAL OF FUTURE ENERGY PROJECTS

¶3. (SBU) El Salvador continues to face serious problems in the electrical energy sector, such as unstable prices and uncertain supplies. The forecasted growth in the demand by 2020 will require El Salvador to increase its current energy supply by 40 to 180 percent. In order to meet future demand, the GOES will need to facilitate the development of new sources, support regional integration efforts, and create an attractive climate for private investment. Through the environmental permit process, MARN will exert a great deal of control over the approval of future energy projects.

APPROVAL OF GENETICALLY MODIFIED ORGANISMS

¶4. (SBU) During the previous government, El Salvador began drafting a national policy for biotechnology, including a national policy for bio-safety, an administrative and regulatory system for the importation of GMOs, and a mechanism for social participation and consultation. Prior to the completion of the national policy, an

administrative review of the "special ruling for the safe handling of GMOs" was mandated to ensure that government stakeholders concurred with the new policy. The MARN has not yet concurred with the review. During a recent meeting with ECONCOUNS, the Minister of Agriculture said support for MARN is key to opening the Salvadoran market to GMO products. The Minister added he is skeptical that the MARN would allow the use of GMO seeds in El Salvador.

¶5. (SBU) COMMENT: In addition to further solidifying environmental cooperation under CAFTA-DR, Post believes Minister Rosa Chavez's meeting with A/S Jones will provide an opportunity to convince him to take a more pragmatic approach to the matters discussed above.
END COMMENT.

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